

## Status of City Auditor Recommendations With Funding Impact

### 2010-2011 Adopted Budget

Department	Item	Status	Remarks
Fire	<p>Overtime Expenditures – Review sick leave data to establish benchmarks for sick leave use, identify possible patterns of abuse, and take appropriate follow-up actions (01-02, #7)</p> <p>Implement a proactive sick leave reduction program with potential reduction in City costs (01-02, #8)</p>	Partly Implemented	<p>The Fire Department has completed its review of sick leave usage by personnel assigned to the line. The Fire Department is taking the following steps regarding sick leave management:</p> <ul style="list-style-type: none"> <li>• The Fire Department developed a quarterly sick leave report to be discussed with management staff;</li> <li>• The Fire Department has programmed its timecard program, Telestaff, to require a Captain's approval of sick leave usage; and</li> <li>• The Fire Department updated the sick leave procedures, consistent with the Memorandum of Agreement (MOA) with the International Association of Firefighters (IAFF), to include language that an employee may be required to furnish substantiation for any absence for which sick leave is requested and to require an employee that is sick for more than three days or two consecutive shifts to submit a physician's release or sick leave certificate. These procedures have been finalized and published.</li> </ul>
Fire	Strategic Plan – Develop plans for expanding use of the Omega priority response level (01-05, #3)	Partly Implemented	<p>Under the Priority Dispatch Omega protocol, a 911 call would receive an alternate response, such as medical advice over the phone from a nurse. The San José Fire Department (SJFD) has completed some of the steps necessary to implement the Priority Dispatch Omega protocol, including: renewing its accreditation as an Accredited Center of Excellence in April 2008; implementing the new CAD system necessary to integrate ProQA software; implementing the ProQA software.</p>

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			<p>Currently, the Emergency Medical Services (EMS) Agreement with the County, which expires June 30, 2011, requires that the SJFD respond on all 911 calls received. However, the current EMS agreement gives the Fire Department authorization to respond to lower-priority medical aid service requests with Basic Life Support resources. The SJFD participated as a stakeholder in the redesign of the current EMS system. The EMS system design will include the use of Omega and non-response of first responder agencies to some Alpha level service requests. Furthermore, the SJFD is implementing its new Records Management System and has been collecting patient care data since March 2009. The SJFD intends to continue collecting data in support of its efforts to identify Omega responses, which would receive an alternate response in the redesigned EMS system.</p>

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<b>Department</b>	<b>Item</b>	<b>Status</b>	<b>Remarks</b>
Fire	Strategic Plan – Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls (01-05, #5)	Partly Implemented	The Fire Department is continuing a pilot program with the relocation of Engine 2 to a temporary facility during Station 2's reconstruction. The Fire Department designated a two-person brush patrol equipment unit to respond to lower priority calls in the event a simultaneous request for service was received in Station 2's first-due district. The two-person brush patrol unit responds with Engine 2, creating a six-person, two-piece engine company. In the event a second service request occurs during a response, the two-person brush patrol unit, with an Advanced Life Support complement of equipment, can continue responding on the original request or respond separately to the new request depending on the priority of the response and with supervisory approval. The two-person unit is staffed with an engineer and a paramedic 12 hours per day. This approach was agreed to by the firefighters union and management to address safety concerns until more data on the effectiveness and safety of an alternatively staffed unit could be determined. During this period, the Fire Department is collecting patient care, unit availability, and location data regarding this deployment model with the incident-reporting module of the Records Management System and Mobile Data Computer. The Department intends to analyze data regarding the outcome of this pilot program with the completion of Fire Station 2 in late summer of 2010.

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<b>Department</b>	<b>Item</b>	<b>Status</b>	<b>Remarks</b>
Fire	<p>Bureau of Fire Prevention Billing System – If a significant number of facilities are added to the Fire Inspection Billing System (FIBS) database, follow up on the remaining manufacturing facilities in the Business License database that did not have a FIBS number (03-10, #2)</p> <p>Bureau of Fire Prevention Billing System – Compare FIBS Database with the Business License Database (03-10, #3)</p>	Partly Implemented	<p>The Records Management System (RMS) implementation process has been completed. However, using the Business License database to follow up on the remaining manufacturing facilities that did not have a FIBS number is currently not possible. Specifically, in the past, both the FIBS and Business License applications ran on the City's VAX system and shared common data which linked the databases. With the migration of both applications from the VAX system, the link was broken and the FIBS system can no longer retrieve information from the Business License system. The ability to address this is dependent upon prioritization of limited information technology resources.</p>
Transportation/ Finance	Prepare and submit an indirect cost rate proposal to CALTRANS for approval (07-04, #2)	Partly Implemented	An indirect cost rate proposal developed by the Finance Department was submitted to CALTRANS for approval in September 2008. CALTRANS did not accept this proposal. The Department of Transportation staff worked with the Finance Department to address the issues raised by CALTRANS, and the plan was resubmitted to CALTRANS in April 2010.

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<b>Department</b>	<b>Item</b>	<b>Status</b>	<b>Remarks</b>
Finance	Improve controls over the administration of the tax-exempt bond program and processes to mitigate negative cash balances in the City's Cash Pool caused by bond programs and adequately address other negative balances (07-06, #1)	Partly Implemented	Debt Management staff developed a negative cash balance report which is reviewed monthly. They have also implemented an updated Disbursement Procedure to require project departments to submit disbursements within 30 calendar days after the accounting period close. The procedure includes additional measures to enforce compliance. The Department has coordinated with the City Attorney's Office to drafted a new interest allocation procedures which, when implemented, should ensure proper allocation of interest. Target date: September 2010.

## Status of City Auditor Recommendations With Funding Impact (Cont'd.)

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Department	Item	Status	Remarks
Employee Relations	Workers' Compensation Program – Propose structural changes to the City's Workers' Compensation Program (09-03, #1)	Partly Implemented	<p>The audit recommended structural changes to the Workers' Compensation Program, including: 1) reducing the City's policy of providing up to nine months of a disability leave supplement pay at 85 percent for non-sworn and one full year at 100 percent for sworn employees; and 2) implementing a retirement benefit payment offset for sworn employees receiving disability retirement payments that replicates the offset for retired non-sworn employees.</p> <p>The structural changes to the City's Workers' Compensation Program this recommendation proposes are subject to meet and confer with the City's bargaining units. The City has achieved a reduction in the disability leave supplement pay, from nine months to six months, with three employee groups, including ABMEI, ALP and Unit 99. The City will begin negotiations with all the City's bargaining units in early January 2011, during which these changes can be further explored.</p>
Human Resources	Workers' Compensation Program – Reconsider the feasibility of restoring the Wellness Coordinator in the Fire Department (09-03, #4)	Not Implemented	<p>Due to severe budget constraints, a Wellness Coordinator position for the Fire Department was not added.</p> <p>Funding was approved to continue the City-Wide Wellness Program, which includes targeted coverage for the Fire Department.</p>

## Status of City Auditor Recommendations With Funding Impact (Cont'd.)

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Department	Item	Status	Remarks
Police/ Employee Relations	Auto Theft Unit – Explore feasibility of using civilian staff for administrative assignments (09-04, #5)	Not Implemented	The civilianization of sworn positions was not included in the Adopted Budget given the financial constraints associated with adding new non-sworn positions and the limitations on civilianization in the Memorandum of Agreement (MOA) with the San José Police Officers' Association (POA). The MOA allows the City to civilianize if certain conditions are met, including the requirement that the number of positions in the SJPOA bargaining will not be reduced as a result. Negotiations between the City and the POA are scheduled to begin in January 2011, during which this issue can be further explored.
Human Resources	Employee Medical Benefits – Confirm whether any excess premium payments were made to Kaiser in 2008 and determine if other years' payments should be analyzed (09-06, #5)	Implemented	The audit found that the City potentially overpaid Kaiser by approximately \$140,000 for employee coverage in 2008. The deadline for retroactive membership changes is the calendar month when Kaiser receives the City's notification of the change plus the previous 2 months (90 days total). Identification of eligibility reporting errors in 2008 will not result in cost savings, as they are outside of the retroactive change period. However, in 2009 the Human Resources Department conducted an enrollment audit and implemented all required coverage changes for 2009. A manual fix was implemented in 2009 to correct this issue going forward. The Human Resources and Information Technology Departments worked to develop an automated solution and revised eligibility files were implemented with the medical carriers in June 2010 to reduce eligibility reporting errors.

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<b>Department</b>	<b>Item</b>	<b>Status</b>	<b>Remarks</b>
Human Resources/ Employee Relations	Employee Medical Benefits – Prohibit Employees from Being Simultaneously Covered by City-provided medical benefits as a City employee and as a dependent of another City employee and work with Employee Relations on potential meet and confer issues (09-06, #12)	Partly Implemented	The recommendations to change employee benefits require negotiation with the City's bargaining units. Changes to medical benefits are included in the current discussions with the various employee groups.
	Reduce cash in-lieu payment amounts (09-06, #13)		For the professional employees in Unit 99 and other unrepresented employees, as well as employees represented by ABMEI and ALP, the following changes to medical benefits were effective July 1, 2010:
	Prohibit participation in Health In-Lieu Plan among City employees who are already receiving other City-provided medical benefits (09-06, #14)		<ul style="list-style-type: none"> <li>• Eliminated dual coverage where employees would no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another employee.</li> <li>• Reduced the health and dental in-lieu of coverage payments and set the payment as a fixed dollar amount rather than a percentage of the health care premium.</li> <li>• A City employee who receives healthcare coverage as a dependent of another City employee shall be deemed not eligible for family health in-lieu coverage.</li> </ul>
	Pursue at least one or a combination of the aforementioned cost-containment strategies (09-06, #17)		<ul style="list-style-type: none"> <li>• Increased healthcare cost sharing, with the employee portion increasing from 10% to 15%.</li> <li>• Increased the co-pays for services and prescriptions.</li> </ul>



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Retirement Services and City Attorney's Office	Employee Medical Benefits – Clarify the rights of City retirees to suspend and re-enroll in their medical benefits (09-06, #15)	Not Implemented	<p>The San José Municipal Code allows retirees to suspend and re-enroll in their medical benefits.</p> <p>However, the San José Municipal Code requires the City retiree to be enrolled in a City plan at the time of the retirement and at the time of death. If City retirees are not enrolled in a City plan during any of these two periods, dependents may be permanently disqualified for City medical coverage. This potential impact on dependents would need to be addressed by amending the San José Municipal Code. It is unclear whether the City's current medical providers will allow City retirees to suspend and re-enroll in their medical benefits at will or there would be conditions on such reenrollments, as there are for active employees who are in the in-lieu program. In addition, there is no formal assurance from the medical providers that they will continue to allow re-enrollments.</p>
Retirement Services and Human Resources	Employee Medical Benefits – Continue to Explore an In-Lieu Program for Qualified City Retirees who suspend their medical benefits and work with Employee Relations to address any potential meet and confer issues (09-06, #15)	Not Implemented	The Human Resources and Retirement Services Departments are actively working to identify issues that would affect the development of an in-lieu program for City retirees. Once the issues have been identified, the departments will prepare a work plan.

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General Services	Animal Care and Services – Increase public education outreach efforts in order to increase animals licensed and vaccinated (09-09, #1)	Not Implemented	<p>The Animal Care and Services (ACS) Program has prioritized the processing of new licenses, payments and rabies vaccination. Staff is following-up on information that is received from veterinarians on new rabies vaccinations and ensuring that all animals that get vaccinations through San José veterinarians get licensed. ACS understands the need for increasing its public outreach and the potential for increasing licensing revenues through this outreach and anticipates developing a more comprehensive public outreach component once funding has been identified.</p> <p>The Adopted Budget includes the continuation of temporary staffing to process new licenses and improve compliance rates.</p>
General Services	Animal Care and Services – Enhance current database to include online licensing and veterinarian reporting or outsource licensing services (09-09, #2)	Not Implemented	<p>The Animal Care and Services (ACS) Program expects implementation of online licensing in late 2010.</p> <p>.</p>

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General Services	Animal Care and Services – Improve efforts to increase the compliance rate to the City's ordinance on rabies vaccination reporting (09-09, #2)	Partly Implemented	<p>The Animal Care and Services (ACS) Program has prioritized the processing of new licensing, payments and rabies vaccination verification of data already provided by compliant veterinarians. ACS staff has caught up with this backlog, and is now focused on following-up with the non-compliant veterinarians.</p> <p>The Adopted Budget includes the continuation of temporary staffing to process new licenses and improve compliance rates.</p>

In addition to the items listed above, two recent audit reports – Audit of Pensionable Earnings and Time Reporting (issued December 2009) and Audit of Civilianization Opportunities in the San José Police Department (issued January 2010) – have pending audit recommendations with potential budgetary impacts. The Administration will continue to pursue cost-savings strategies identified in those audits.

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